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Report of the NOAA Panel on Contingent Valuation

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Pollution Act, how will they be estimated? Unlike losses to commercial fishermen or recreational property owners, there are no direct market transactions that can be observed to provide information on which estimates can be based. Unlike losses to boaters, swimmers, recreational fishermen and others, there exist no indirect methods through which market data can provide at least some clues as to lost values. In other words, there appear to be neither obvious nor even subtle behavioral trails that can provide information about lost passive-use values.

Some experts believe that there exists an approach that can provide useful information about the economic significance of the lost passive-use values individuals may suffer when oil discharges damage natural resources. Known as the contingent valuation (or CV) technique, this approach is based on the direct elicitation of these values from individuals through the use of carefully designed and administered sample surveys. Its appeal lies in its potential to inform damage assessment in an area (lost passive-use values) where there appear to be no behavioral trails to be followed.

Typically, CV studies provide respondents with information about a hypothetical government program that would reduce the likelihood of a future adverse environmental event such as an oil spill, chemical accident, or the like. Respondents are usually given some specific information about the exact nature of the damages that the program in question would prevent. And they are also confronted in the study with a question or questions that